



Speech by

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GAMBLING LEGISLATION AMENDMENT BILL

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (2.30 p.m.): I rise to speak to the Gambling Legislation Amendment Bill. This is the first Bill the Treasurer has presented since the Labor Government came to power and since the coalition's reorganisation of the gaming machine industry. It is worth briefly revisiting the process the coalition went through in order to contrast it with what has been done in the review by the current Government. When the coalition came to office in 1996, Labor had failed to meet a commitment it had made to the gaming machine industry—the clubs and hotels—to review the industry as a result of the changes that had occurred in the industry. I acknowledge that it would have been a tough process. However, in the run-up to the by-election in Mundingburra in 1996, the former Goss Government squibbed on this review, as it did on the review of the compulsory third-party system.

However, it is worth mentioning a few observations. When the coalition was faced with anxiety coming from the clubs and hotels as to what was happening in the industry, we did not put it to one side. We decided to tackle it head on. During that process, we conducted an elaborate process of consultation and public debate. That process was a very open one which was conducted in a couple of stages. In the first stage, we consulted with all industry groups in private to get an idea as to how they thought the Act should be amended and the issues facing aspects of the industry. We took on board the opinions of clubs, club managers, small and large clubs and small and large hotels, as well as many other groups and organisations interested in the gaming industry, such as Break Even. We conducted a far-reaching review that had been promised by the previous Labor Government but which it had not delivered.

The coalition then wrote a white paper which was put out for public discussion. That generated not only a lot of interest from people who may have been affected but also a lot of debate. I went around the State and talked directly with hotels, clubs and other interested parties about the proposals being put forward in the gaming machine review. After that, we then continued discussions with the major participants which resulted in a set of agreements that the hotels and clubs agreed to. Both major industry players signed off on those agreements. However, when this Government decided to conduct its review—the coalition also promised a review in a few years' time after the changes contained in the white paper and legislation had a chance to settle down—it was basically conducted in secret. There was not the open public debate that characterised the previous review. In the legislation before the House I would have expected to see changes that reflect the arguments put forward by the Labor Party when in opposition with respect to the changes we were proposing.

I remember the Labor Party attacking the changes we were proposing, particularly the fact that we decided to give the machines back to the clubs and hotels to ensure that the Government was involved in the regulatory process and the taxation process—the typical roles of Government—but not involved in the operations of gaming machines around the State. I remember the then Opposition spokesman on this issue, the current Treasurer, railing against that change. He proposed two arguments. One was that this State would suffer a financial disadvantage. With the State purchasing the machines, the State was not subject to wholesale sales tax and therefore the clubs and hotels would be better off with a State purchasing program.

I vividly remember arguing that we could not assume that there would be sales tax, but that was a minor point at the time. I argued that the savings from the volume of sales being achieved in New South Wales and Victoria were just as much as those the clubs and hotels were gaining in Queensland despite the taxation advantage. Since then there has been the introduction of the new taxation system by the Federal Government and, therefore, the argument in relation to wholesale sales tax has gone out the window. I am not surprised to see that the Government has not addressed that argument, despite the fact that it has refused to admit that there have been positive changes with the elimination of wholesale sales tax in this country.

The second argument used by the current Treasurer at the time was organised crime. He said the bulwark against organised crime getting into the gaming machine industry was that the Government controlled the purchase and distribution of machines in Queensland. While I had absolutely no question about the integrity of the Queensland Office of Gaming Regulation, I pointed out on a number of occasions that simply because the Government was involved did not necessarily eliminate any of the risks associated with organised crime moving into the industry.

If the then Opposition, the now Government, believed the argument it was trying to press at the time, I am surprised that at the first opportunity it got to change this legislation it did not try to re-regulate. If it was serious in its opposition to such a crucial and fundamental issue, this legislation should have reverted to the previous regime the Labor Party had set up. But there has not been a reversion because the arguments for it were nonsensical to begin with. Not only were the arguments nonsensical; the hotel and club industry in general is overwhelmingly better off with the ownership of machines. That is the critical point. There has been no evidence that the system has been infiltrated by organised crime. Overwhelmingly, hotels and clubs have a chance to be better off under this regime.

I recall quite vividly our proposal for a change to the maximum number of machines. The number of machines would increase from a maximum of 20 to 45 in hotels and from a maximum of 250 to 300 in clubs. I remember the now Treasurer arguing against some of those increases. It is remarkable that, despite the fact that the Treasurer has argued that he wanted to freeze the numbers, he has actually provided for an increase of machines in hotels of five.

Mr Reeves: Reducing it by five.

Dr WATSON: He has provided for an increase from 35 to 40. I remind the member for Mansfield: when we put forward the changes there was a lock-step program in place. The number of machines allowed in hotels went up by five each year and in clubs went up by 10. It was a lock-step regime from 250 to 300 for clubs and from 20 to 45 for hotels.

This Treasurer is breaking that nexus, which was signed off on by representatives of both the club and hotel industries in the form of Clubs Queensland, the QHA and the Club Managers Association. Those people all signed off on that lock-step arrangement, but this Government has decided to break the nexus. I can tell those opposite one thing: the major clubs around the place that were expecting to go to 290 are not particularly happy because they were planning ahead, quite reasonably. They made commitments based upon the agreement voluntarily entered into and arrangements anticipated in the legislation and the regulations.

The stance taken by this Government is hypocritical. The argument that it is trying to restrict the growth in the number of gaming machines in the State by allowing hotels only to go from 35 to 40 and not allowing clubs to go from 280 to 290 is hypocritical, because the number of hotels in a position to increase far outweighs the number of clubs in a similar position. In answer to a recent question on notice the Treasurer stated that there are 165 hotels with the maximum of 35 machines. If they all increase their number of machines to 40, there will be a total increase of 825. The number of clubs that have the maximum number of 280 machines was two when the Treasurer responded to this question on notice, but I understand that there are three now. If those three clubs increased their maximum number of machines to 290, there would be a total increase of 30 machines.

This Government has not done anything about this. The argument that it is trying to restrict the growth in the number of machines by capping clubs at 280, while simultaneously allowing hotels to go from a maximum of 35 to 40, is simply a nonsense. Forgetting about any other movement in hotels or clubs that have less than the maximum, the greatest potential increase in the number of machines in clubs with their full complement is 30, whereas the greatest potential increase in the number of machines at hotels is 825.

I recall members of the Labor Party in Opposition arguing against hotels getting any increase. Yet in its first piece of relevant legislation it anticipates the increase going only to hotels. What hypocrisy! At least the coalition in Government came to an agreement, outlined precisely what clubs and hotels could expect over the next five years and started to implement that agreement. We took the criticism from the Opposition at the time head on. All the arguments advanced by Labor members when in Opposition have simply gone by the board. What hypocrisy! If those opposite argue certain

positions when in Opposition, they ought to be consistent when they get into Government and have the opportunity to do things.

This legislation has undone some of the certainty of Government actions that the coalition put in place. Because we reached agreement between the club and hotel industries and because we outlined a five-year program, some certainty was given to hotels and clubs that they could go out and invest and start to modernise their entertainment facilities for the benefit of their patrons. Yet this Government has now introduced uncertainty. Not only that, it has made some of the investments of these organisations simply worthless.

That is just a short synopsis of the situation when the coalition was in Government, the kinds of things we tried to do and the rationale behind our actions. The contrast between the way the coalition in Government did things and the way this Government is acting, in the light of what its members said when they were in Opposition, is actually quite stark.

We do support certain aspects of the Bill. We do support the inclusion as an object in the gaming Acts that the community as a whole should benefit. That social objective is something we do support. We do support increased powers for the Gaming Commission, particularly when it comes to issuing guidelines in terms of where machines will be put. We agree with the increased community input. We as an Opposition do support a number of these aspects of the Bill. They are the kinds of things that we had indicated we also would have been doing in a social sense.

One of the things we do not support—we will be quite vigorously opposing the relevant clauses at the Committee stage—is the restructuring of the community benefit fund. We do not have any objection to all forms of gambling contributing to the community benefit fund. I am suspicious that 8.5% of all gaming revenue—this is a figure that has been bandied about by the Treasurer—will in fact compensate for the revenue lost from the adjustment of the gaming machine tax because of the GST.

With the implementation of the GST, gaming machine tax has been reduced, but the State still gets that revenue in the form of GST payments. It would be possible to calculate how much of the GST revenue coming to Queensland is related to gaming machine activities. It would be possible to have an arrangement whereby the amount going into any community benefit fund is the same amount that would have gone into the community benefit fund if there had not been the introduction of a GST and no adjustments to the gaming machine tax. We are concerned about that. We suspect that the Government is pulling a bit of a swiftee on this in a way which does not actually give the community benefit fund as much revenue, yet the Government still gets the revenue through its GST payments.

We also have a strong opposition to a restructure of the Gaming Machine Community Benefit Fund, which is to be eliminated and replaced with a Community Investment Fund with significantly different and, we think, incompatible objectives. In addition, of course, the Charities and Rehabilitation Benefit Fund is to be closed.

Let us look at what will happen. First of all, the Government will establish a Community Investment Fund, under which there will be three other funds. One is the Gambling Community Benefit Fund, one is a gambling research fund and the third fund is what I might refer to as the Statewide uses or Statewide programs.

The Opposition has concerns about the amounts that will go into the Community Investment Fund. I have already addressed that. We want to be sure that the amount that goes into the Community Investment Fund is at least the amount that would have gone into it without the introduction of the new taxation system.

The second thing that we are concerned about is the way that that Community Investment Fund is to be broken up. The Gambling Community Benefit Fund will presumably have a set of objectives and make decisions similar to the decisions that are being made now under the Gaming Machine Community Benefit Fund. Again, the idea of changing the amounts that can be claimed under that fund does cause us some concern.

The thing that the Opposition is particularly concerned about is the establishment of the Statewide programs. It seems to me that this is simply a mechanism for redirecting the funds into areas that ought to be funded through the normal consolidated revenue appropriation process. I discovered with interest that the examples that were given of the potential uses of the Statewide program fund included things like crime prevention, community renewal and job creation. I would have thought that those uses were part of the Government's normal responsibilities to fund through consolidated revenue.

What concerns me and members of the Opposition is that the establishment of this Statewide program is simply a mechanism for moving funding away from community projects into funding the political projects of the Government. That is interesting because it goes directly against what the clubs and hotels have always said to me and, I am sure, what the clubs and hotels have said to the current Government. That is this: that they want to change the amounts that go into what will be called the Community Investment Fund or the Gambling Community Benefit Fund to fund more local projects—projects in which the individual club or hotel had some say in being funded. So the push from

the industry was always, "Let us try to get the money down to where it comes from", that is the clubs and hotels, and get them to have some direct say in the kinds of projects that will be funded in their area.

But this program of the Government is going in exactly the opposite direction; it is taking some of the funds that were legitimately part of the Gaming Machine Community Benefit Fund and putting them into a Statewide program, a program that will be controlled by we do not know whom. That is not even specified, but presumably it will be controlled by the Government and the Ministers who, instead of funding projects of a Statewide significance, will more likely be funding projects of political significance to the Government.

We believe that that is a less transparent process. We believe that that is not the way to go about funding things like job creation programs or crime prevention programs. If we are to establish those kinds of programs, they must be open to the normal appropriation process, to the normal scrutiny of the Parliament through the Estimates process and not be hidden in some kind of fund that comes under this more broadly defined Community Investment Fund.

Of all the criticisms that have been made about the Government process and of all the letters of criticism from clubs and community organisations around the State, this is the one area in which they are consistent. They do not like this change. They suspect that this change is politically motivated. They suspect that they will have less say in the way that these revenues are being used in their communities. The Opposition will oppose that and we will talk more about that. I am sure that some of my colleagues will talk more about their areas and the concerns that their clubs, social organisations and hotels have with respect to this change.

There is one other issue that I would like to address before I conclude my speech in this part of the debate. Given the fact that the Government supposedly conducted a review and was open with the clubs and hotels, when the Bill was introduced into Parliament and I sent copies out to organisations it was interesting that that was the first thing that most of those organisations knew about the Bill. That was a general comment. It was particularly disconcerting, I think, for the surf-lifesaving association because it was not aware that the Bill was being introduced. Other clubs simply were not aware that the Bill was going to be introduced until I sent them the copy of it after it was introduced on 19 July. That fact illustrates the lack of communication between the clubs and hotels and this Government.

But, most importantly, they were not aware of the significant time restrictions contained in the clauses in the Bill. In particular, they were unaware that there would be a cut-off date of 12 or 13 December and if clubs or hotels did not have their machines in and operating by that date, their licence would lapse. The surf-lifesaving movement was particularly concerned because it had conditional approval for the introduction of machines in new clubs. The movement was awaiting final approval from Government agencies before buildings could be erected.

When the Bill was introduced in July, there was no way in the world that the surf-lifesaving movement would be able to obtain the necessary Government approvals, such as building approvals and liquor licensing approvals, and have the machines operating by 13 December. I will be moving an amendment to that clause. Eventually, the Treasurer was approached by the representatives of clubs and hotels. The Opposition drafted amendments which met the approval of the industry and, as a result, the Premier and the Treasurer relented and decided to amend the clause. We can talk further about this matter during the Committee stage.

This is an industry that is important to Queenslanders. It is disappointing that negotiations between the Government and the industry were so poor. As a result, it was left to the Opposition to provide the industry with details of the legislation that was to be introduced in this Parliament.

Mr Hamill: Not so.

Dr WATSON: It was so. The first time they knew about it was when they received copies of the Bill provided by the Liberal Party. The Government made a very poor effort in discussing this legislation with the industry in an open and transparent fashion.

The Treasurer and I both represent electorates that are covered by the western zone. Had the Treasurer turned up at some of the meetings, he would have learned the attitude of the clubs first-hand. During the Committee stage, the Opposition will be moving amendments in relation to the Gaming Machine Benefit Fund. The Opposition also proposes to move amendments in relation to the timing mentioned in the legislation.

The Treasurer has circulated the amendments that he proposes to move. I thank the Treasurer for handing me those amendments at the last sitting of this Parliament. That enabled me to study the proposed amendments in detail. The Opposition will not be supporting the Bill.
